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Q3 Fiscal 2020 Results

November 2, 2020

Cautionary statements regarding forward-looking information

This presentation contains “forward-looking statements” within the meaning of the federal securities laws concerning, among other things, our liquidity, our possible or assumed results of operations and our business strategies. These forward-looking statements, including any statements regarding EBITDA guidance, rely on a number of assumptions and our experience in the industry and are subject to risks, uncertainties and other important factors, many of which are beyond our control. Some of the factors that could cause our results to differ materially from those anticipated or expressed in any forward-looking statements include, among others, impacts of, and associated responses to, the COVID-19 pandemic; cost inflation/deflation and commodity volatility; competition; reliance on third party suppliers; interruption of product supply or increases in product costs; effective integration of acquisitions; achievement of expected benefits from cost savings initiatives; fluctuations in fuel costs; economic factors affecting consumer confidence and discretionary spending; changes in consumer eating habits; and extreme weather conditions, and natural disasters and other catastrophic events.

For a detailed discussion of these risks, uncertainties and other factors, see the section entitled “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 28, 2019, which was filed with the Securities and Exchange Commission (“SEC”) on February 13, 2020, and in our Quarterly Report on Form 10-Q, for the quarterly period ended June 27, 2020, which was filed with the SEC on August 4, 2020. The forward-looking statements contained in this presentation speak only as of the date of this presentation. We undertake no obligation to update or revise any forward-looking statements.

Presentation of organic financial results

In this presentation, we refer to certain organic financial results. Organic financial results exclude contributions during the respective period from Smart Stores Holding Corp. (“Smart Foodservice”), which was acquired April 24, 2020. For the Food Group of Companies (the “Food Group”), which was acquired on Sept. 13, 2019, organic financial results include contribution for the Sept. 14, 2020 through Sept. 26, 2020 time period only.

Executive summary

Resilient industry is expected to return to pre-COVID volume levels

Case volumes show a steady recovery; US Foods is profitably gaining share

Acquisitions performing as expected; Food Group integration on track

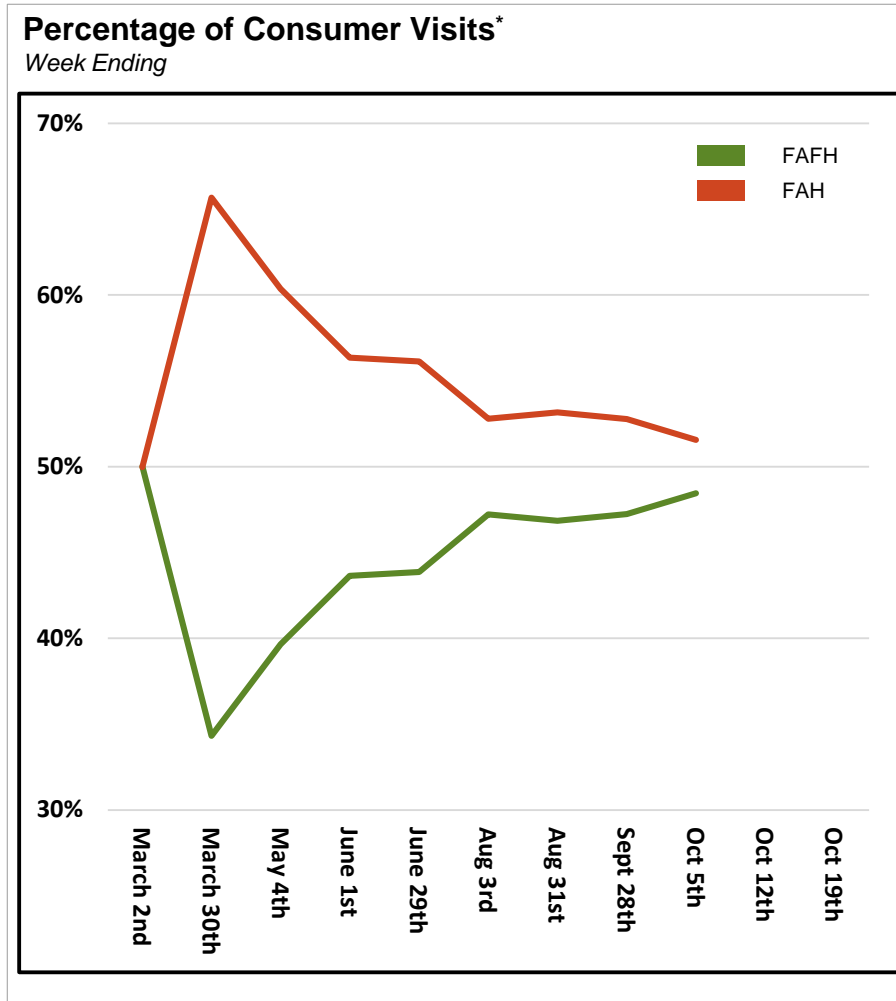
Significant improvement in financial results compared to second quarter



INDUSTRY OUTLOOK AND US
FOODS ADVANTAGED POSITION



A recovery is underway and consumers are returning to restaurants



- FAFH visits continues to close the gap vs FAH
- Industry volumes are expected to recover to pre-COVID levels
- Independent restaurants have transitioned to off premise dining
- Closure rates remain low

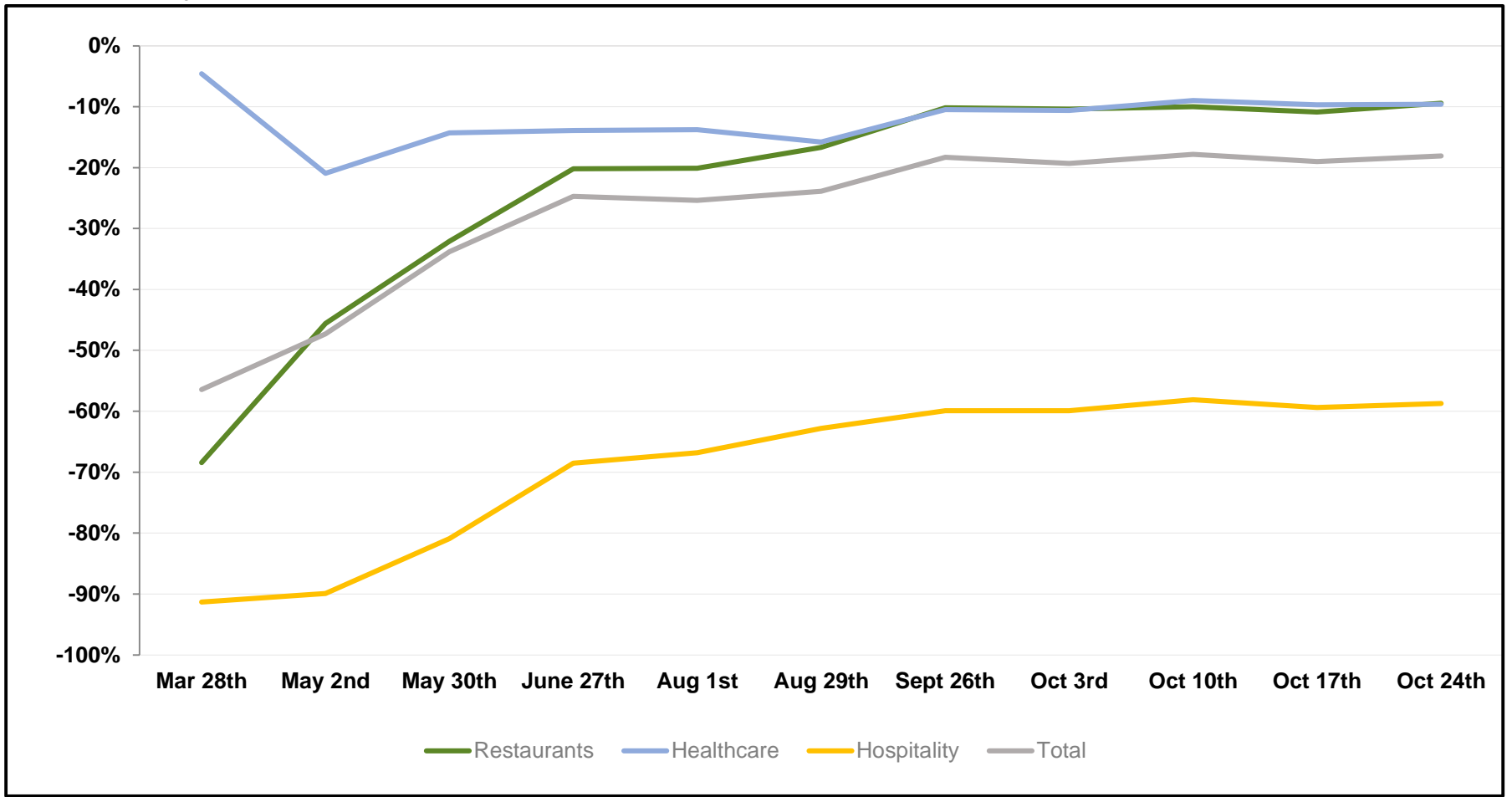
*SafeGraph – percentage of total consumer visits; FAFH – Food away from home; FAH – Food at home

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Continued improvement in case volume across customer types

Organic Case Growth by Customer Type

YOY percent change; Week ended date



Leveraging our scale and differentiation to drive profitable market share gains

National footprint and consistent operating model is leading to share gains with both large and small customers

Our digital leadership provides an important differentiation point for servicing customers during this time

Extensive portfolio of value-added services are helping customers Make It.

Fall Scoop™ highlights off premise dining solutions

Food Group integration activities underway; Smart Foodservice outperforming delivered business in current environment

Food Group

- National chain business performing well
- Integration progressing well; second system conversion expected to be completed by year end
- On track to achieve \$65M of annual run rate synergies by the end of 2023; including \$10M in 2020

Smart Foodservice Warehouse Stores

- Case volume continues to hold up better than delivered business
 - Adjusted EBITDA on pace with expectations
 - Expansion underway with two store openings planned in the fourth quarter
-



Q3 2020 FINANCIAL RESULTS

US.
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Our Q3 results highlight the work we have done to position the business for success post-COVID

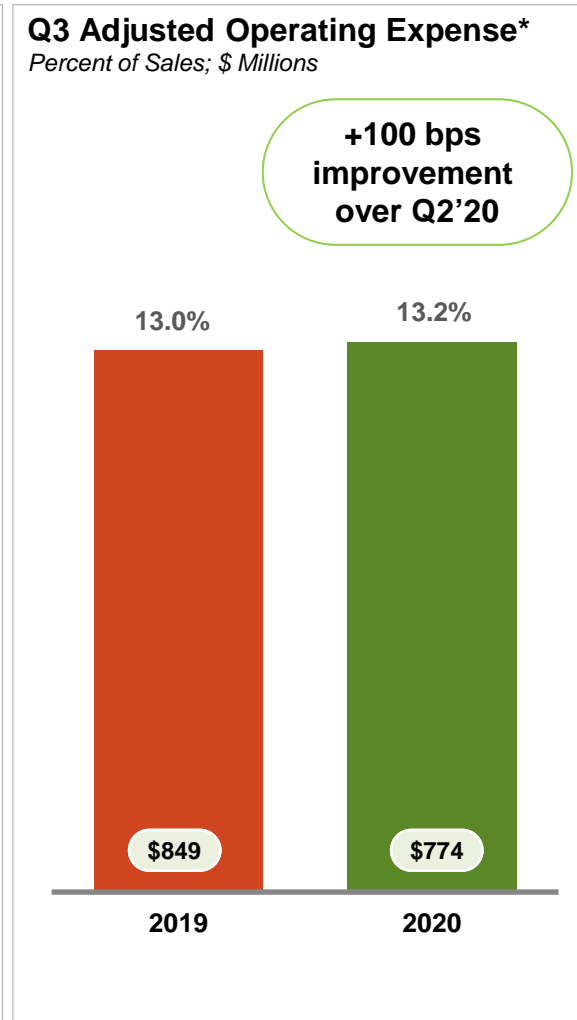
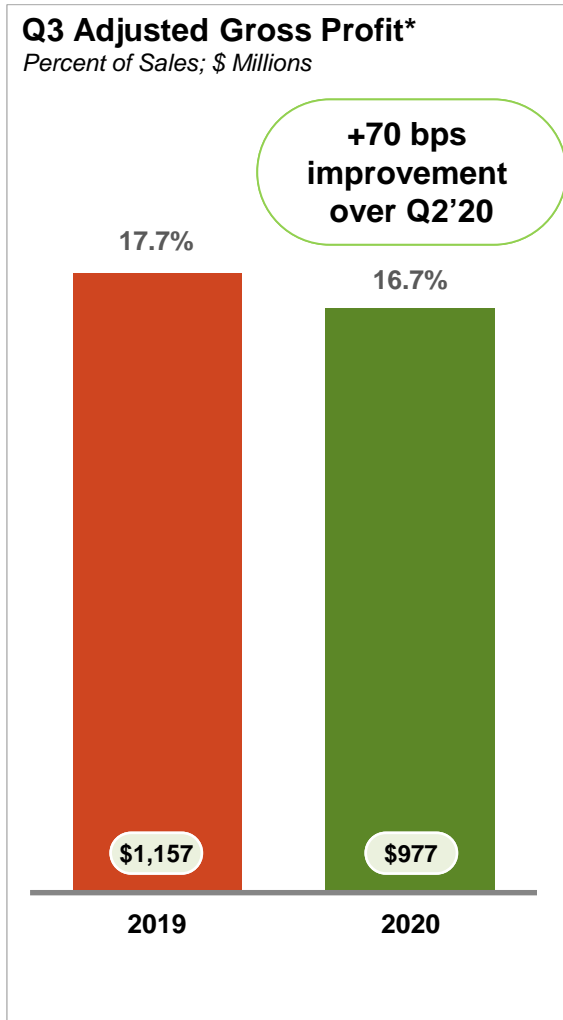
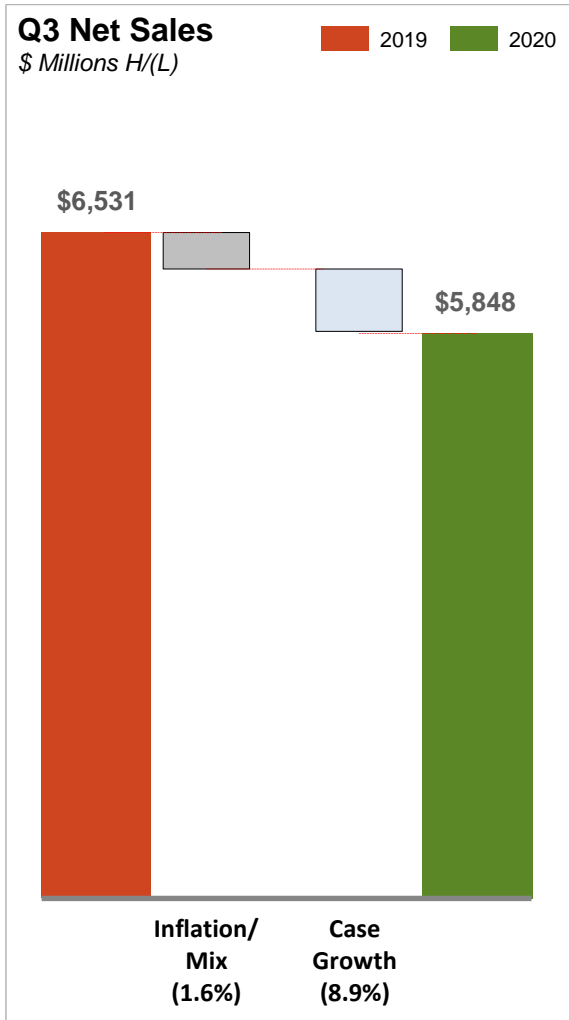
Consistent improvement in case volume throughout the quarter from combination of share gains and underlying industry improvement

Gross margin was stable through Q3; expected to increase as customer and product mix improves further

Permanent cost reductions position the business for higher EBITDA margins post-COVID

- **Completed ~\$180M of annualized permanent cost reductions; continuing to manage variable costs to match case volume**
 - **Continued strong collection efforts enabled an additional \$30M reduction in the uncollectible accounts reserve**
-

Third quarter results improved significantly from the trough experienced in the second quarter

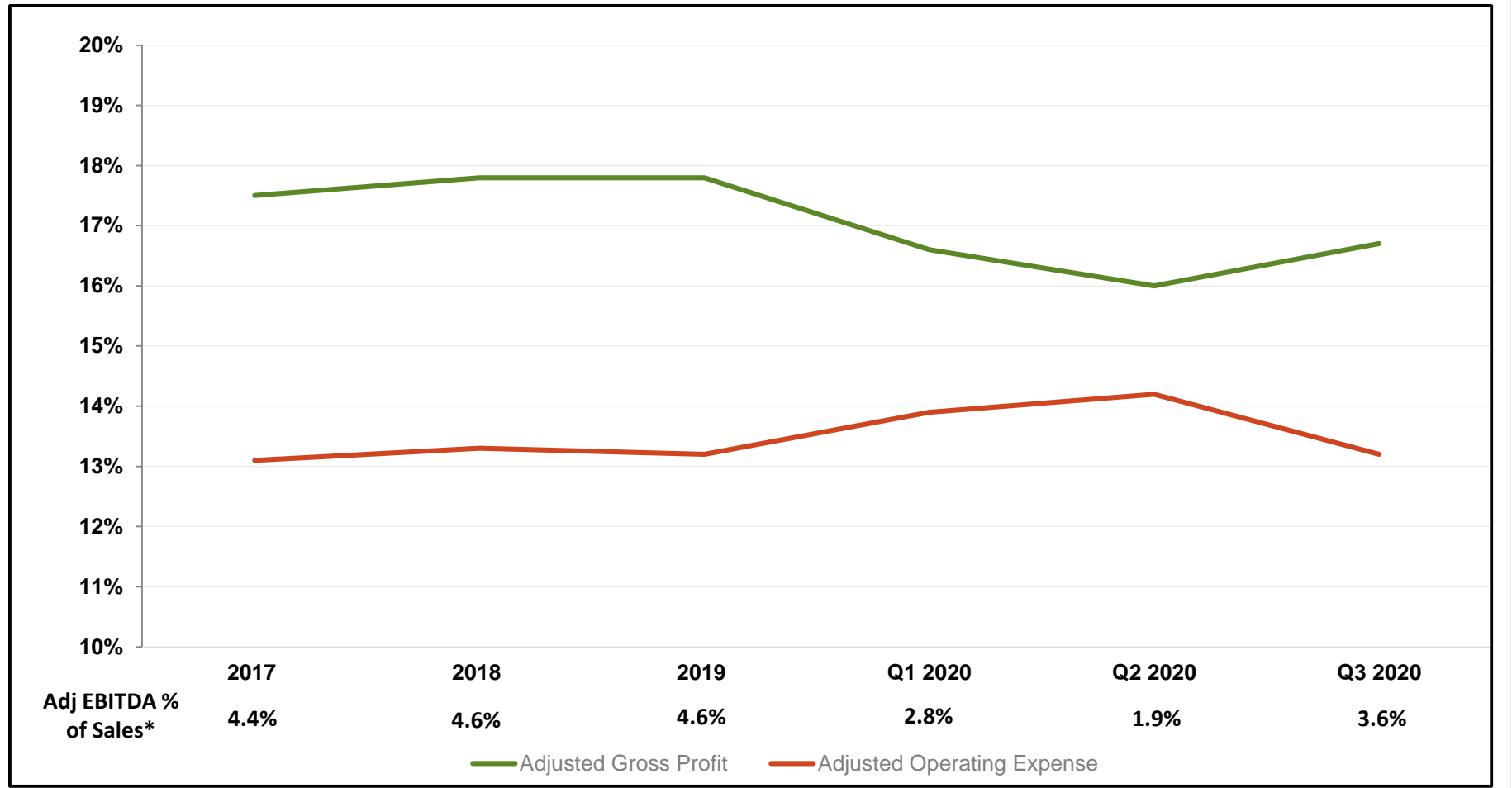


* Reconciliations of non-GAAP measures are provided in the Appendix

Operating leverage recovering as case volume and customer mix improve

Adjusted Gross Profit and Adjusted Operating Expense*

Percent of sales trend

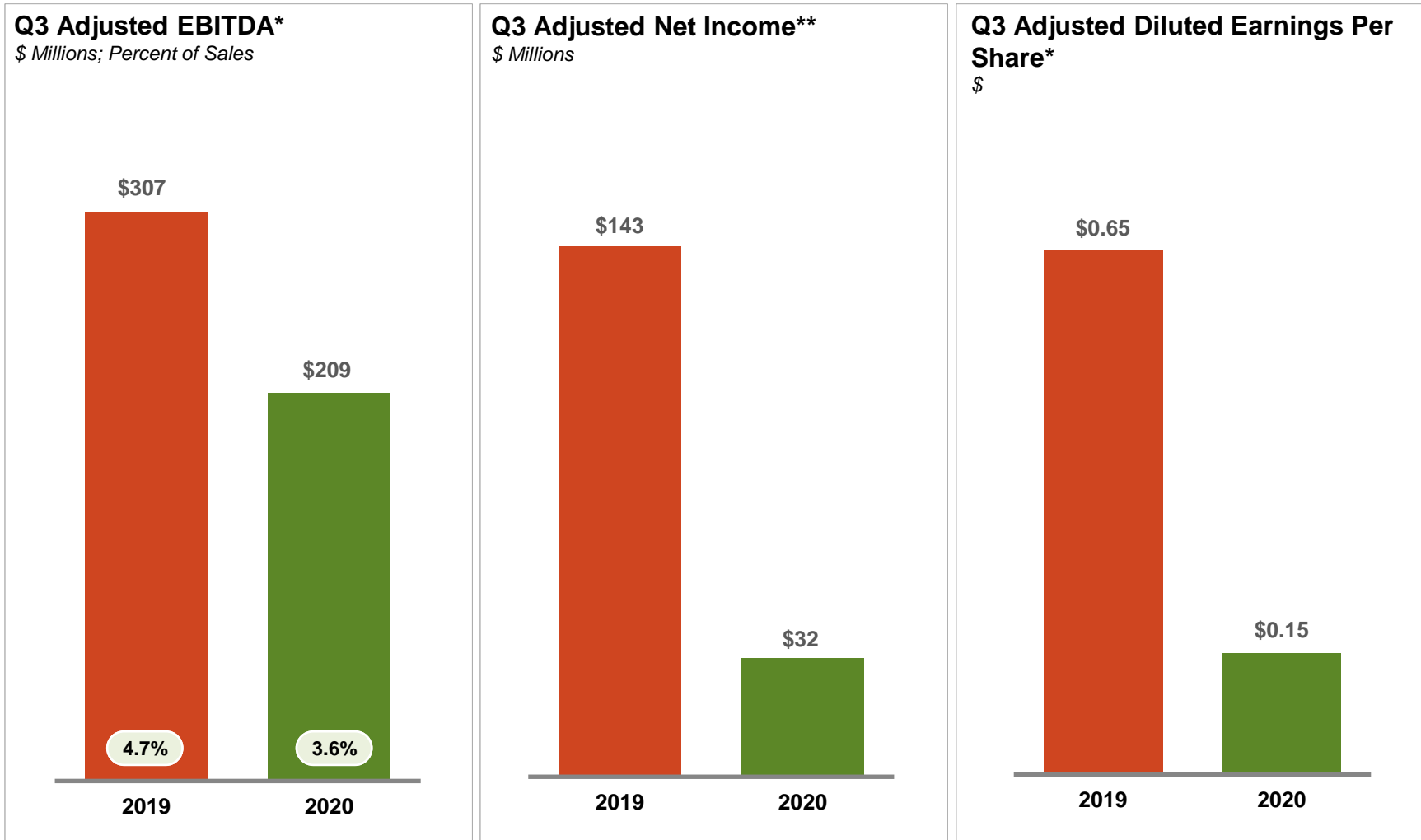


* Reconciliations of non-GAAP measures are provided in the Appendix

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Third quarter Adjusted EBITDA increased meaningfully from the second quarter; positive Adjusted Net Income for the quarter



* Reconciliations of non-GAAP measures are provided in the Appendix


** Adjusted Net Income available to common shareholders

Strong liquidity position and cash flow generation of the business allows for future debt reduction

\$1.0B of cash on hand and ~\$2.7B in total liquidity at quarter end

Third quarter working capital in line with expectations and case volume recovery

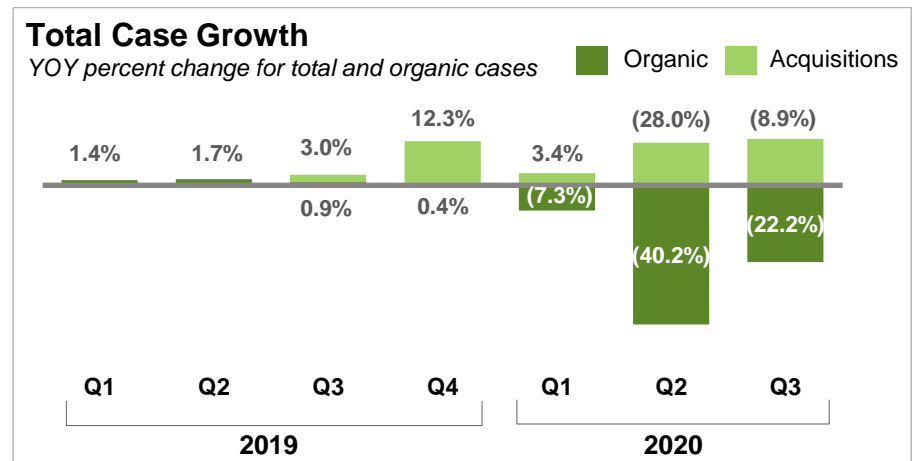
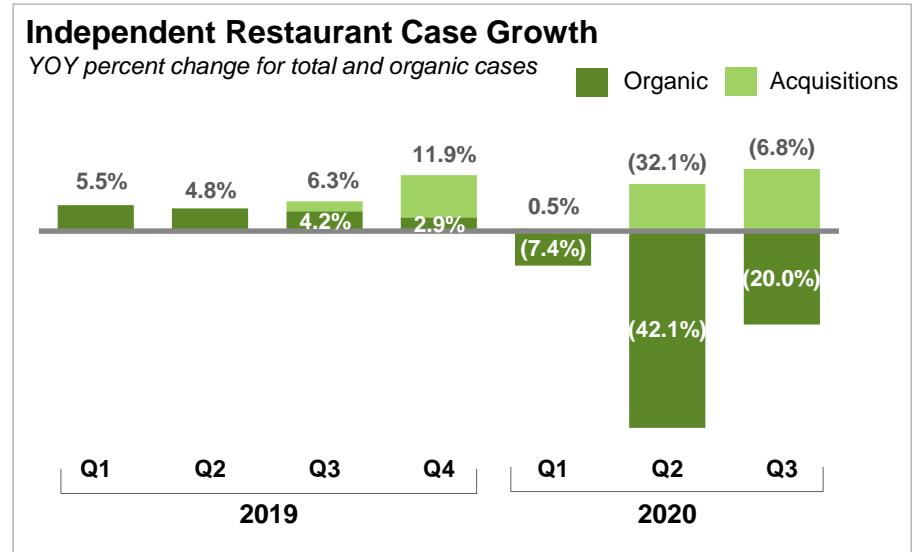
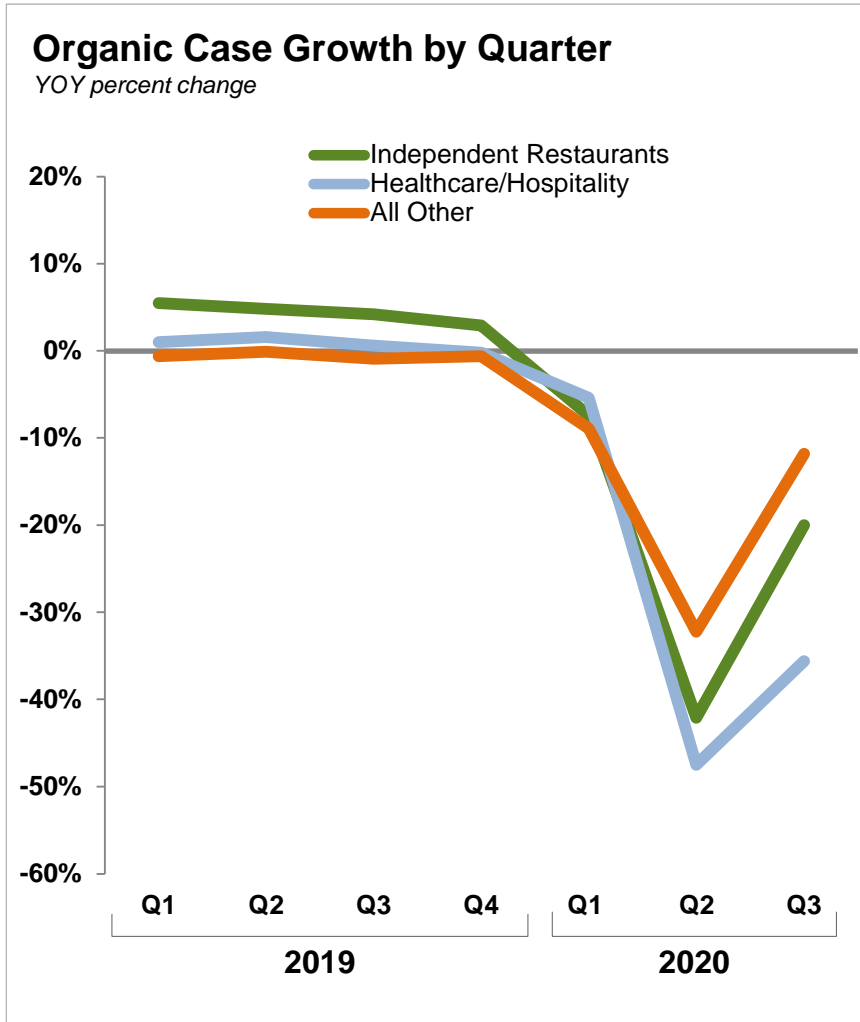
Cash flow expected to return to strong pre-COVID levels as case volume recovers



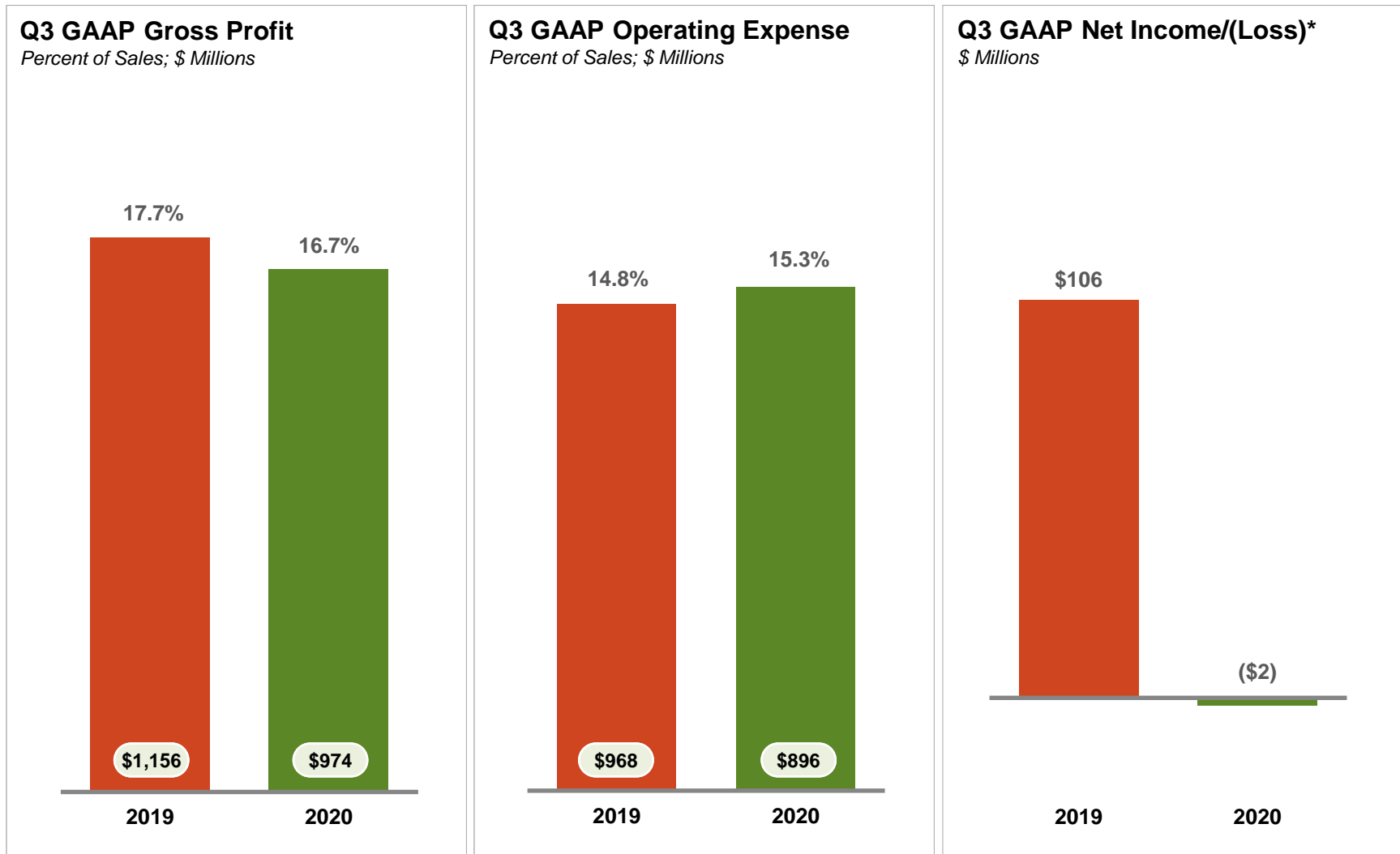
APPENDIX:
Q3 FISCAL 2020 SUMMARY
& NON-GAAP RECONCILIATIONS



Organic case volume recovering; total case volume benefiting from recent acquisitions



Third quarter GAAP results

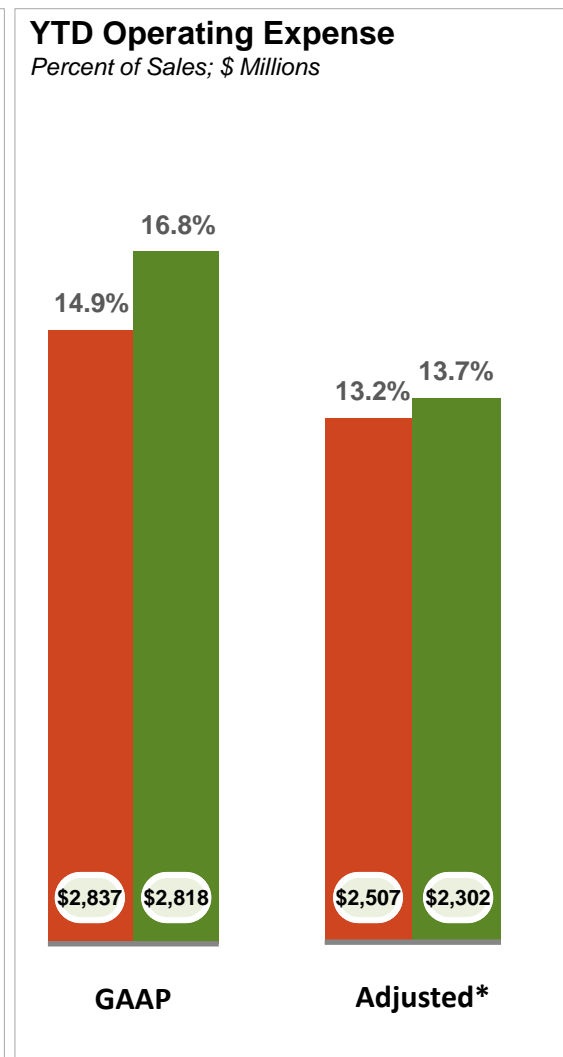
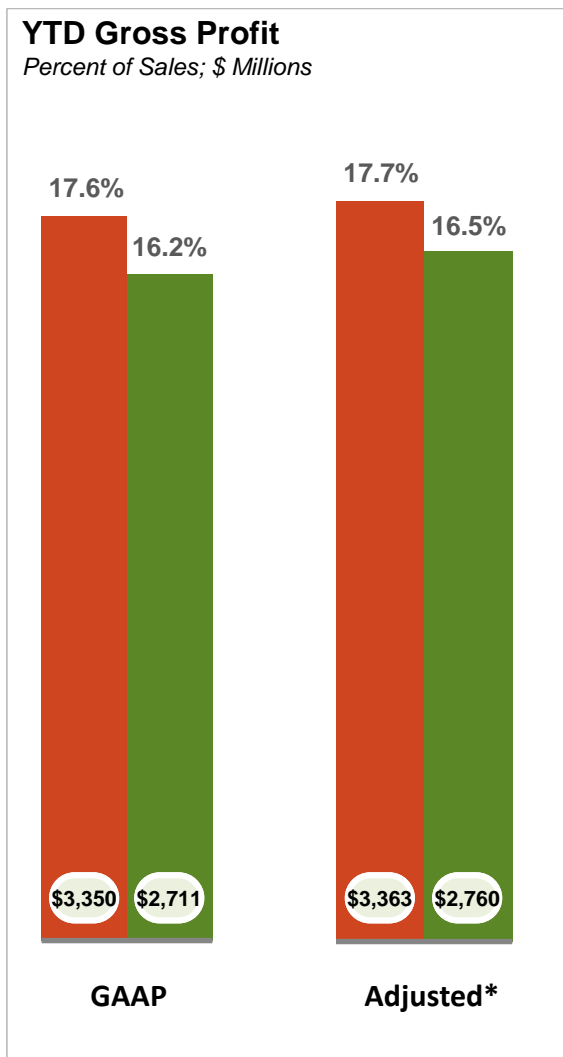
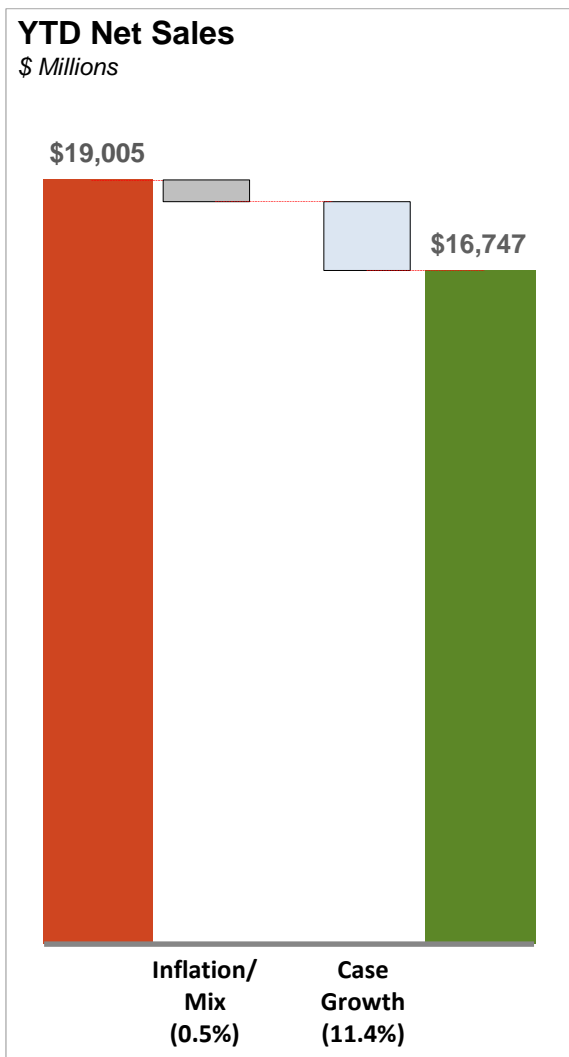


* Net Income/(Loss) available to common shareholders
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Year to date operating results

2019 2020

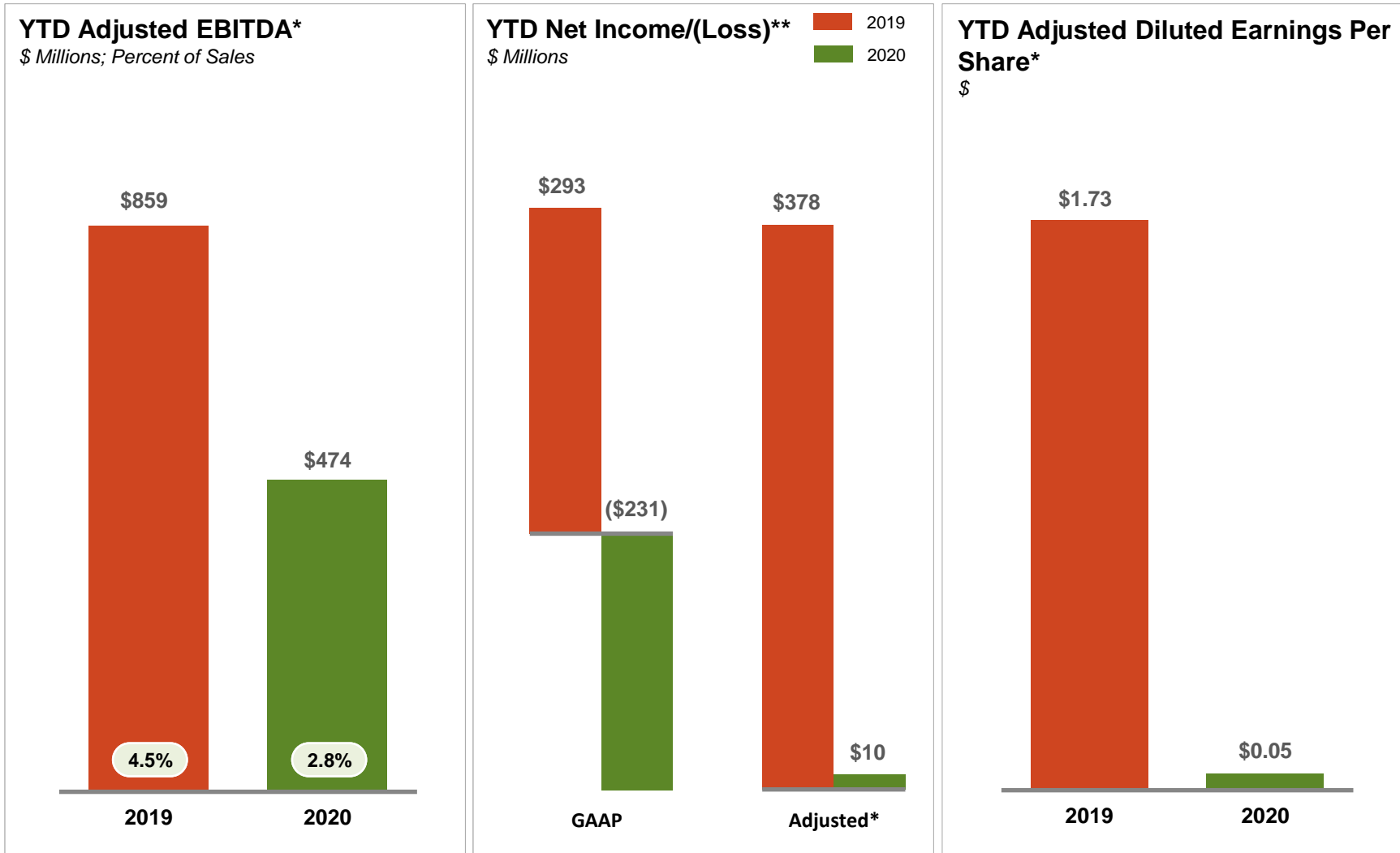


* Reconciliations of non-GAAP measures are provided in the Appendix

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Year to date profit results



* Reconciliations of non-GAAP measures are provided in the Appendix

** Adjusted Net Income/(Loss) available to common shareholders

Third quarter financial performance

	Reported (unaudited)			Adjusted ⁽¹⁾ (unaudited)		
	13 Weeks Ended			13 Weeks Ended		
(\$ in millions, except per share data)	September 26, 2020	September 28, 2019	Change	September 26, 2020	September 28, 2019	Change
Case Growth			(8.9)%			
Net Sales	5,848	6,531	(10.5)%			
Gross Profit	974	1,156	(15.7)%	977	1,157	(15.6)%
% of Net Sales	16.7%	17.7%	(100) bps	16.7%	17.7%	(100) bps
Operating Expenses	896	968	(7.4)%	774	849	(8.8)%
% of Net Sales	15.3%	14.8%	50 bps	13.2%	13.0%	20 bps
Net (Loss) Income Available to Common Shareholders	(2)	106	(101.9)%	32	143	(77.6)%
Diluted EPS	\$(0.01)	\$0.48	(102.1)%	\$0.15	\$0.65	(76.9)%
Adjusted EBITDA				209	307	(31.9)%
Adjusted EBITDA Margin ⁽²⁾				3.6%	4.7%	(110) bps

(1) Reconciliations of these non-GAAP measures are provided in the Appendix.

(2) Represents Adjusted EBITDA as a percentage of Net Sales.

Year to date financial performance

	Reported (unaudited)			Adjusted ⁽¹⁾ (unaudited)		
	39 Weeks Ended			39 Weeks Ended		
	September 26, 2020	September 28, 2019	Change	September 26, 2020	September 28, 2019	Change
(\$ in millions, except per share data)						
Case Growth			(11.4)%			
Net Sales	16,747	19,005	(11.9)%			
Gross Profit	2,711	3,350	(19.1)%	2,760	3,363	(17.9)%
% of Net Sales	16.2%	17.6%	(140) bps	16.5%	17.7%	(120) bps
Operating Expenses	2,818	2,837	(0.7)%	2,302	2,507	(8.2)%
% of Net Sales	16.8%	14.9%	190 bps	13.7%	13.2%	50 bps
Net (Loss) Income Available to Common Shareholders	(231)	293	(178.8)%	10	378	(97.4)%
Diluted EPS	\$(1.05)	\$1.34	(178.4)%	\$0.05	\$1.73	(97.1)%
Adjusted EBITDA				474	859	(44.8)%
Adjusted EBITDA Margin ⁽²⁾				2.8%	4.5%	(170) bps

(1) Reconciliations of these non-GAAP measures are provided in the Appendix.

(2) Represents Adjusted EBITDA as a percentage of Net Sales.

Non-GAAP reconciliation - Adjusted Gross Profit and Adjusted Operating Expenses

(\$ in millions)	13 Weeks Ended		39 Weeks Ended	
	(unaudited)		(unaudited)	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
Gross profit (GAAP)	\$974	\$1,156	\$2,711	\$3,350
LIFO reserve change ⁽¹⁾	3	1	9	13
COVID-19 product donations and inventory adjustments ⁽⁵⁾	—	—	40	—
Adjusted Gross profit (Non-GAAP)	\$977	\$1,157	\$2,760	\$3,363
Operating expenses (GAAP)	\$896	\$968	\$2,818	\$2,837
Adjustments:				
Depreciation and amortization expense	(109)	(87)	(316)	(260)
Restructuring and asset impairment costs ⁽²⁾	(23)	—	(39)	—
Share-based compensation expense ⁽³⁾	(10)	(7)	(29)	(22)
Business transformation costs ⁽⁴⁾	—	(3)	(8)	(6)
COVID-19 bad debt benefit (expense) ⁽⁵⁾	30	—	(65)	—
COVID-19 other related expenses ⁽⁵⁾	(4)	—	(15)	—
Business acquisition and integration related costs and other ⁽⁶⁾	(6)	(22)	(44)	(42)
Adjusted Operating expenses (Non-GAAP)	\$774	\$849	\$2,302	\$2,507

(1)-(6) footnotes located on next slide

Non-GAAP reconciliation - Adjusted Gross Profit and Adjusted Operating Expenses

1. Represents the non-cash impact of LIFO reserve adjustments.
2. Consists primarily of severance and related costs, organizational realignment costs and asset impairment charges.
3. Share-based compensation expense for stock and option awards and discounts provided under employee stock purchase plan.
4. Consists primarily of costs related to significant process and systems redesign across multiple functions.
5. Includes COVID-19 related gains, losses or costs as specified under the agreements governing our indebtedness.
6. Includes: (i) Smart Foodservice acquisition and integration related costs of less than \$1 million and \$20 million for the 13 weeks and 39 weeks ended September 26, 2020, respectively; (ii) Food Group acquisition and integration related costs of \$4 million and \$23 million for the 13 weeks and 39 weeks ended September 26, 2020, respectively, and \$17 million and \$35 million for the 13 weeks and 39 weeks ended September 28, 2019, respectively, and (iii) gains, losses or costs as specified under the agreements governing our indebtedness.

Non-GAAP reconciliation - Adjusted EBITDA and Adjusted Net Income Available to Common Shareholders

	13 Weeks Ended (unaudited)		39 Weeks Ended (unaudited)	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
(\$ in millions)				
Net (loss) income available to common shareholders (GAAP)	\$(2)	\$106	\$(231)	\$293
Series A convertible preferred stock dividends	10	—	15	—
Net (loss) income (GAAP)	8	106	(216)	293
Interest expense—net	63	43	178	127
Income tax (benefit) provision	13	39	(53)	97
Depreciation expense	88	75	257	228
Amortization expense	21	12	59	32
EBITDA (Non-GAAP)	\$193	\$275	\$225	\$777
Adjustments:				
Restructuring costs ⁽¹⁾	23	—	39	—
Share-based compensation expense ⁽²⁾	10	7	29	22
LIFO reserve change ⁽³⁾	3	1	9	13
Business transformation costs ⁽⁴⁾	—	3	8	6
Income from discontinued operations ⁽⁸⁾	—	(1)	—	(1)
COVID-19 bad debt (benefit) expense ⁽⁵⁾	(30)	—	65	—
COVID-19 product donations and inventory adjustments ⁽⁵⁾	—	—	40	—
COVID-19 other related expenses ⁽⁵⁾	4	—	15	—
Business acquisition and integration related costs and other ⁽⁶⁾	6	22	44	42
Adjusted EBITDA (Non-GAAP)	\$209	\$307	\$474	\$859
Adjusted EBITDA (Non-GAAP)	\$209	\$307	\$474	\$859
Depreciation expense	(88)	(75)	(257)	(228)
Interest expense—net	(63)	(43)	(178)	(127)
Income tax provision, as adjusted ⁽⁷⁾	(16)	(46)	(14)	(126)
Series A convertible preferred stock dividends	(10)	—	(15)	—
Adjusted net (loss) income available to common shareholders (Non-GAAP) ⁽⁷⁾	\$32	\$143	\$10	\$378

(1)-(8) footnotes located on next slide

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Non-GAAP reconciliation - Adjusted EBITDA and Adjusted Net Income Available to Common Shareholders

1. Consists primarily of severance and related costs, organization realignment costs and asset impairment charges.
2. Share-based compensation expense for stock and option awards and discounts provided under employee stock purchase plan.
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7. Represents our income tax provision adjusted for the tax effect of pre-tax items excluded from Adjusted Net income available to common shareholders and the removal of applicable discrete tax items. Applicable discrete tax items include changes in tax laws or rates, changes related to prior year unrecognized tax benefits, discrete changes in valuation allowances, and excess tax benefits associated with share-based compensation. The tax effect of pre-tax items excluded from Adjusted net income available to common shareholders is computed using a corporate tax rate after considering the impact of permanent differences and valuation allowances.
8. Consists of income net of income taxes from discontinued operations.

Non-GAAP reconciliation - Adjusted Diluted Earnings Per Share (EPS)

	13 Weeks Ended		39 Weeks Ended	
	(unaudited)		(unaudited)	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
Diluted EPS (GAAP)	(\$0.01)	\$0.48	(\$1.05)	\$1.34
Restructuring costs ⁽¹⁾	0.10	—	0.18	—
Share-based compensation expense ⁽²⁾	0.05	0.03	0.13	0.10
LIFO reserve change ⁽³⁾	0.01	—	0.04	0.06
Business transformation costs ⁽⁴⁾	—	0.01	0.04	0.03
Income from discontinued operations ⁽⁸⁾	—	(0.01)	—	(0.01)
COVID-19 bad debt (benefit) expense ⁽⁵⁾	(0.14)	—	0.30	—
COVID-19 product donations and inventory adjustments ⁽⁵⁾	—	—	0.18	—
COVID-19 other related expenses ⁽⁵⁾	0.02	—	0.07	—
Business acquisition and integration related costs and other ⁽⁶⁾	0.03	0.10	0.20	0.19
Income tax impact of adjustments ⁽⁷⁾	0.14	0.04	0.03	0.02
Series A convertible preferred stock dividends	(0.05)	—	(0.07)	—
Adjusted Diluted EPS (Non-GAAP)	\$0.15	\$0.65	\$0.05	\$1.73
Weighted-average diluted shares outstanding (GAAP)	220,155,366	219,757,050	219,659,697	219,264,731

(1)-(8) footnotes located on next slide

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Non-GAAP reconciliation - Adjusted Diluted Earnings Per Share (EPS)

1. Consists primarily of severance and related costs, organization realignment costs and intangible asset impairment charges.
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8. Consists of income net of income taxes from discontinued operations.

Non-GAAP reconciliation - Net Debt and Net Leverage Ratios

(unaudited)

(\$ in millions, except ratios)

	September 26, 2020	December 28, 2019	September 28, 2019
Total Debt (GAAP)	\$5,787	\$4,736	\$4,924
Cash, cash equivalents and restricted cash	(1,019)	(98)	(98)
Net Debt (Non-GAAP)	\$4,768	\$4,638	\$4,826
Adjusted EBITDA ⁽¹⁾	\$809	\$1,194	\$1,156
Net Leverage Ratio ⁽²⁾	5.9	3.9	4.2

(1) Trailing Twelve Months (TTM) Adjusted EBITDA

(2) Net debt / TTM Adjusted EBITDA

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